

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

Annual Financial Statements

As of and for the Year Ended
December 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/18/09

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

Annual Financial Statements
As of and for the Year Ended December 31, 2008

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M. Carleen Dumas

CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD, CALHOUN, LOUISIANA. TELEPHONE 318/644-5726

Independent Accountant's Report

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

I have reviewed the accompanying financial statements of the business-type activities of the East Columbia Waterworks District as of and for the year ended December 31, 2008. These financial statements are the responsibility of the management of the East Columbia Waterworks District.

My review was conducted in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. A review consists principally of inquiries of East Columbia Waterworks District personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report dated March 10, 2009, on the results of my agreed-upon procedures.

The management's discussion and analysis on pages 3 through 5 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board (GASB). Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.

/s Carleen Dumas
Calhoun, Louisiana
March 10, 2009

MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF THE SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2008

Our discussion and analysis of East Columbia Waterworks District's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2008. Please read it in conjunction with the District's financial statements that begin on page 7.

BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of :

- a. Management's discussion and analysis (MD&A)
- b. Statement of net assets
- c. Statement of revenues, expenses, and changes in net assets
- d. Statement of cash flows
- e. Notes to the financial statements
- f. RSI other than MD&A, if applicable

The East Columbia Waterworks District is a special-purpose government engaged only in business-type activities.

Enterprise Fund Financial Statements

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets provide information in a way that shows the change in the District's financial condition resulting from the current year's activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and the changes in them. Net assets - the difference between assets (what the District owns) and liabilities (what the District owes) is a way to measure the financial position of the District. Over time, increases or decreases in the District's net assets are an indicator of whether the District's financial position is improving or deteriorating.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2008

The Statement of Cash Flows provides information on the changes in cash during the year. This statement reports the net cash provided or used by operating activities, capital and related financing activities, and investing activities.

**COMPARATIVE ANALYSIS OF
FINANCIAL DATA**

The District's total net assets decreased by \$23,961 during 2008. Water sales increased \$25,034 due to the district merging with Big Ridge Water System, Inc., in June 2008. Operating expenses increased \$37,941 which resulted mainly from an increase in tank maintenance expense. The district incurred \$97,212 in expenses in connection with cleaning and painting a water tank. The following presents an analysis of net assets and changes in net assets of the District's business-type activities:

	BUSINESS-TYPE ACTIVITIES	
	<u>2008</u>	<u>2007</u>
Assets		
Current assets	\$199,735	\$163,012
Restricted assets	123,355	188,823
Capital assets	<u>237,609</u>	<u>253,260</u>
Total assets	<u>560,699</u>	<u>605,095</u>
Liabilities		
Current liabilities	98,764	81,199
Long-term liabilities	<u>347,000</u>	<u>385,000</u>
Total liabilities	<u>445,764</u>	<u>466,199</u>
Net Assets		
Invested in capital assets, net of related debt	(147,391)	(168,740)
Restricted for debt service	123,355	188,823
Unrestricted	<u>138,971</u>	<u>118,813</u>
Total net assets	<u>114,935</u>	<u>138,896</u>
Operating revenues	288,490	261,298
Operating expenses	305,320	267,379
Non-operating revenues (expenses)	<u>(7,131)</u>	<u>(15,698)</u>
Change in net assets	<u>(23,961)</u>	<u>(21,779)</u>
Net assets - beginning	<u>138,896</u>	<u>160,675</u>
Net assets - ending	<u>\$114,935</u>	<u>\$138,896</u>

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2008

OVERALL FINANCIAL POSITION

Unrestricted net assets (those assets available to finance the daily operations of the district) were \$138,971 at year end. The amount of net assets restricted for debt service was \$123,355. The amount invested in capital assets, net of related debt was (\$147,391) at year end.

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the District had capital assets (net of accumulated depreciation) totaling \$237,609. Capital assets include land, the water system and equipment costing \$1,000 or more. During 2008, the district purchased a new computer at a cost of \$1,250. Additional information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At year end the District had \$385,000 in revenue bonds payable. Interest expense on these bonds was \$21,100 for 2008. Additional information about the District's debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

The District anticipates its revenues from water sales to increase in 2009 due to being merged with Big Ridge Water System in June 2008. The district anticipates incurring capital expenditures during 2009 in connection with a new water filtering system. The total cost and sources of funding for this project have yet to be determined. All other expenses are expected to remain fairly constant for 2009.

BASIC FINANCIAL STATEMENTS

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

STATEMENT OF NET ASSETS
December 31, 2008

ASSETS

Current assets:

Cash	\$121,947
Investments	46,962
Receivables (net of allowance for bad debts)	<u>30,826</u>
Total current assets	<u>199,735</u>

Noncurrent assets:

Restricted cash	31,813
Restricted investments	91,542
Property, plant and equipment (net of accumulated depreciation)	<u>237,609</u>
Total noncurrent assets	<u>360,964</u>
Total assets	<u>560,699</u>

LIABILITIES

Current liabilities:

Accounts payable	7,984
Payroll taxes payable	814
Sales taxes payable	2
Retainage payable	9,030
Current portion of long-term debt	38,000
Customer deposits	<u>42,934</u>
Total current liabilities	98,764

Noncurrent liabilities:

Long-term debt - revenue bonds payable	<u>347,000</u>
Total liabilities	<u>445,764</u>

NET ASSETS

Invested in capital assets, net of related debt	(147,391)
Restricted for debt service	123,355
Unrestricted	<u>138,971</u>
Total net assets	<u>\$114,935</u>

See accompanying notes and accountant's report.

Statement B**EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana****STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS****For the Year Ended December 31, 2008****OPERATING REVENUES**

Water sales	\$277,849
Installation fees	8,345
Other operating revenue	<u>2,296</u>
Total revenues	<u>288,490</u>

OPERATING EXPENSES

Per diem	3,525
Travel	16,787
Accounting and audit	1,180
Labor	26,967
Materials and supplies	51,712
Office expense	13,440
Utilities	13,534
Insurance	26,446
Salaries	29,600
Collections expense	1,820
Payroll taxes	2,909
Tank maintenance	97,212
Depreciation	16,901
Other operating expenses	<u>3,287</u>
Total operating expenses	<u>305,320</u>

OPERATING INCOME (Loss) (16,830)**NON-OPERATING REVENUES (EXPENSES)**

Interest income	5,517
Transfer from Big Ridge	8,452
Interest expense	<u>(21,100)</u>
Total non-operating revenues (expenses)	<u>(7,131)</u>

DECREASE IN NET ASSETS (23,961)**NET ASSETS - BEGINNING** 138,896**NET ASSETS - ENDING** \$114,935

See accompanying notes and accountant's report.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$281,768
Customer deposit receipts, net	12,541
Payments to suppliers	(230,921)
Payments to employees and board	(49,262)
Net cash provided by operating activities	<u>14,126</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on capital debt	(37,000)
Interest paid on capital debt	(21,100)
Purchases of capital assets	(1,250)
Decrease in restricted cash and investments	65,468
Net cash provided by capital and related financing activities	<u>6,118</u>

CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES

Transfer from Big Ridge	<u>8,452</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	5,517
Increase in investments	(1,331)
Net cash provided by investing activities	<u>4,186</u>

NET INCREASE IN CASH

32,882

CASH AT BEGINNING OF YEAR

89,065

CASH AT END OF YEAR\$121,947**Reconciliation of Operating Income to Net Cash****Provided by Operating Activities**

Operating Income (Loss)	(\$16,830)
Adjustments:	
Depreciation	16,901
Increase in accounts receivable	(2,510)
Decrease in accounts payable	(5,051)
Increase in taxes payable	45
Increase in retainage payable	9,030
Increase in customer deposits	12,541
Total adjustments	<u>30,956</u>
Net cash provided by operating activities	<u><u>\$14,126</u></u>

See accompanying notes and accountant's report.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2008

INTRODUCTION

East Columbia Waterworks District was created by the Caldwell Parish Police Jury on September 6, 1949, as authorized by Louisiana Revised Statute 33:3811 for the purpose of supplying safe drinking water to the population of the district. The district is governed by a six member board appointed by the police jury to serve five-year terms. East Columbia Waterworks District commissioners receive \$50 per meeting attended. The district serves approximately 977 customers and has two part-time employees.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, East Columbia Waterworks District is considered a component unit of the Caldwell Parish Police Jury. As a component unit, the accompanying financial statements maybe included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statements

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of :

1. Management's discussion and analysis (MD&A)
2. Statement of net assets
3. Statement of revenues, expenses, and changes in net assets
4. Statement of cash flows
5. Notes to the financial statements
6. RSI other than MD&A, if applicable

The East Columbia Waterworks District is a special-purpose government engaged only in business-type activities.

See accountant's report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

**B. Measurement Focus, Basis of Accounting, and
Financial Statement Presentation**

Enterprise fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. East Columbia Waterworks District has elected not to follow subsequent private-sector guidance.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of East Columbia Waterworks District are water sales, installation fees, and other operating income. Operating expenses for enterprise funds include the costs of the services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Deposits and Investments

Cash includes amounts in interest-bearing and non-interest bearing demand deposits. State law allows the district to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At December 31, 2008, the district's investments consist of nonnegotiable certificates of deposits with original maturities that exceed 90 days that are reported in the accompanying financial statements at cost.

D. Receivables

Receivables for water sales are shown net of an allowance for uncollectible amounts. The allowance is an estimate based on the amount of receivables that are collected in the month following the month billed. Grant receivable is considered fully collectible.

See accountant's report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

E. Restricted Assets

Certain resources set aside for the repayment of revenue bonds are classified as restricted assets on the balance sheet because their use is limited by the debt agreement.

F. Capital Assets

Capital assets, which include land, the water system, and equipment are reported in the enterprise fund financial statements. All of the district's capital assets are capitalized at historical cost. The East Columbia Waterworks District maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets, if any, is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Infrastructure - Water system	25 years
Equipment	5-15 years

G. Long-term Obligations

Long-term debt such as revenue bonds payable are reported as liabilities in the statement of net assets.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2008, the district has cash and investments (book balances) as follows:

See accountant's report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

Non-interest bearing checking accounts	\$121,947
Interest bearing savings accounts	31,813
Investments - certificates of deposit	<u>138,504</u>
Total	<u>\$292,264</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2008, the East Columbia Waterworks District has \$354,018 in deposits (collected bank balances). These deposits are secured from risk by \$341,542 of federal deposit insurance and \$97,849 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent bank has failed to pay deposited funds upon demand.

3. RECEIVABLES

At December 31, 2008, the district has net receivables of \$30,826 as follows:

Water sales	\$36,174
Allowance for uncollectible accounts	<u>(5,348)</u>
Net receivables	<u>\$30,826</u>

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2008, is as follows:

	Balance at January 1, 2008	Increases	Decreases	Balance at December 31, 2008
Capital assets not being depreciated:				
Land	<u>\$3,950</u>	<u>NONE</u>	<u>NONE</u>	<u>\$3,950</u>
Capital assets being depreciated:				
Water system	\$1,666,884			\$1,666,884

See accountant's report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

	Balance at January 1, 2008	Increases	Decreases	Balance at December 31, 2008
Equipment	<u>64,507</u>	<u>\$1,250</u>	<u>(\$2,311)</u>	<u>63,446</u>
Total capital assets being depreciated	<u>1,731,391</u>	<u>1,250</u>	<u>(2,311)</u>	<u>1,730,330</u>
Less accumulated depreciation for:				
Water system	1,452,093	10,095		1,462,188
Equipment	<u>29,988</u>	<u>6,806</u>	<u>(2,311)</u>	<u>34,483</u>
Total accumulated depreciation	<u>1,482,081</u>	<u>16,901</u>	<u>(2,311)</u>	<u>1,496,671</u>
Total assets being depreciated, net	<u>\$249,310</u>	<u>(\$15,651)</u>	<u>NONE</u>	<u>\$233,659</u>

Depreciation expense of \$16,901 for the year ended December 31, 2008 was reported in the statement of revenues, expenses, and changes in net assets.

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt (revenue bonds payable) transactions for the year ended December 31, 2008:

Revenue bonds payable at January 1, 2008	\$422,000
Additions	NONE
Reductions	<u>(37,000)</u>
Revenue bonds payable at December 31, 2008	<u>\$385,000</u>

The following is a summary of the current (due in one year or less) and long-term (due in more than one year) portions of long-term obligations as of December 31, 2008:

Current portion	\$38,000
Long-term portion	<u>347,000</u>
Total	<u>\$385,000</u>

All outstanding debt at December 31, 2008, in the amount of \$385,000 are revenue bonds payable with maturities from 2009 until 2020 and 5% interest rates. Loan principal and interest payable in the next fiscal year are \$38,000 and \$19,250 respectively. The individual bonds are as follows:

See accountant's report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

	<u>\$337,000</u>	<u>\$646,300</u>
	<u>Bonds</u>	<u>Bonds</u>
Original issue date	5/23/73	7/29/81
Interest rate	5.00%	5.00%
Final payment due	1/1/13	1/1/20
Funding source	Water revenue	Water revenue

The loans are due as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2009	\$38,000	\$19,250	\$57,250
2010	38,000	17,350	55,350
2011	39,000	15,450	54,450
2012	45,000	13,500	58,500
2013	25,000	11,250	36,250
2014 - 2018	135,000	37,250	172,250
2019 - 2020	<u>65,000</u>	<u>5,000</u>	<u>70,000</u>
Total	<u>\$385,000</u>	<u>\$119,050</u>	<u>\$504,050</u>

6. RESTRICTED NET ASSETS

The bond covenants with the United States Department of Agriculture, Farmers Home Administration for the long-term revenue bonds discussed in note 5 above, requires the district to establish the following reserve accounts:

- A. A "Waterworks Revenue Bond and Interest Sinking Fund". The district must transfer into this fund each month, one-twelfth of the principal and one-sixth of the interest due on the next principal and interest payment dates. Such transfers will be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.
- B. A "Waterworks Reserve Note Fund". The district must transfer into this fund each month an amount equal to 5 percent of the amount to be paid into the Waterworks Revenue Bond and Interest Sinking Fund each month until there will have been accumulated in the Reserve Fund an amount equal to the maximum principal and interest requirements in any one maturity year. The

See accountant's report.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

maximum is \$60,250. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Waterworks Revenue Bond and Interest Sinking Fund and as to which there would otherwise be default.

- C. A "Waterworks Depreciation Fund". The district must transfer \$242 into this fund each month. Money in this fund may be used for the making of extraordinary repairs or replacements to the system that are necessary to keep the system in operating condition and for which the money is not otherwise available. Money in this fund may be used to pay principal and interest on the bonds at any time there is not sufficient funds in the other bond funds.

At December 31, 2008, the district has set aside \$123,355 to meet the reserve requirements. These deposits are reported as restricted cash and investments on the district's statement of net assets.

7. RISK MANAGEMENT

The district purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

8. UTILITIES RELOCATION ASSISTANCE FUNDING

During the year ended December 31, 2005, the district entered into two separate agreements with the Louisiana Department of Transportation and Development (DOTD) to relocate the district's water lines that were located within the limits of a road construction project. The agreements with DOTD provide that the water district is responsible for repaying \$692,953 of the funding received during 2005, 2006, and 2007. The agreement provides that the district may repay in partial amounts, in exchange for goods and/or services or any combination thereof. None of the funding has been repaid as of December 31, 2008.

See accountant's report.

SUPPLEMENTAL INFORMATION SCHEDULES

See accountant's report.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended December 31, 2008

COMPENSATION PAID COMMISSIONERS

The schedule of compensation paid to commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 33:3819, East Columbia Waterworks District commissioners receive \$50 per meeting attended.

STATUS OF PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in Schedule 2.

**CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN**

The corrective action plan for current year findings is presented in Schedule 3.

See accountant's report.

Schedule 1

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

SCHEDULE OF COMPENSATION PAID COMMISSIONERS
For the Year Ended December 31, 2008

Shelby Cruse	\$595
Jerry Duff	595
Judith McKee	595
V. H. Osteen	595
Dale Powell	550
John Rider	<u>595</u>
Total	<u><u>\$3,525</u></u>

See accountant's report.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

STATUS OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2008

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action
N/A	2005	Customer payment reports not reconciled to bank deposits.	Yes	N/A
N/A	2004	Inadequate Segregation of Accounting Duties	No	See Current Year Findings.

See accountant's report.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2008

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Procedure 8(a)	One disbursement was for the expenses of another agency.	The water district will be reimbursed for the expense paid in error.	Marva L. Gregory, Secretary- Treasurer	3/31/09
2005-3	Inadequate Segregation of Accounting Duties	It is not economically feasible to correct this deficiency based on the size of the district.	Marva L. Gregory, Secretary- Treasurer	N/A

See accountant's report.

**Independent Accountant's Report on Applying
Agreed-Upon Procedures**

The following independent accountant's report on applying agreed upon procedures is presented in compliance with the requirements of the *Louisiana Governmental Audit Guide* and the *Louisiana Attestation Questionnaire*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. Carleen Dumas

CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD, CALHOUN, LOUISIANA. TELEPHONE 318/644-5726

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the East Columbia Waterworks District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the district's compliance with certain laws and regulations during the year ended December 31, 2008 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

A review was made of all disbursements for the year. There were no disbursements for materials and supplies that exceeded \$20,000 nor any disbursements for public works exceeding \$100,000 made during the year.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

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Management provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of the employees included in the listing obtained from management in procedure number 3 above were also included in the listing obtained from management in procedure number 2 above as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) were included on the listing obtained from management in agreed-upon procedure (2) as an immediate family member.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

The district is not legally required to adopt a budget.

6. Trace the budget adoption and amendments to the minute book.

See procedure 5.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

See procedure 5.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and;
 - (a) trace payments to supporting documentation as to correct amount and payee;
 - (b) determine if payments were properly coded to the correct fund and general ledger account;
 - (c) determine whether payments received approval from proper authorities.

An examination of six randomly selected disbursements disclosed the following:

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- (a) One of the six selected disbursements was for the expenses of another agency.
- (b) The six selected payments were properly coded to the correct fund and general ledger account.
- (c) The six selected payments received approval from the proper authorities.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-12 (the opening meetings law).

The public notices for meetings were posted as required by LSA-RS 42:7.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I examined all deposits for the period under examination and noted no proceeds that appeared to be from bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the board meetings and an examination of payroll records indicated no payments which may constitute bonuses, advances, or gifts.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

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This report is intended solely for the use of management of the East Columbia Waterworks District and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

/s Carleen Dumas
Calhoun, Louisiana
March 10, 2009

Louisiana Attestation Questionnaire

The accompanying *Louisiana Attestation Questionnaire* has been completed by management and is included in this report as required by the *Louisiana Governmental Audit Guide*.

M. Carleen Dumas, CPA
369 Donaldson Road
Calhoun, LA 71225

Mrs. Dumas,

In connection with your review of our financial statements as of December 31, 2008 and for the year then ended, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on information available to us as of _____.

PUBLIC BID LAW

1. It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [X] No [] N/A []

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone which would constitute a violation of LSA-RS 42:1101-1124.

Yes [X] No [] N/A []

3. It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980 under circumstances which would constitute a violation of LSA-RS 42:1119.

Yes [X] No [] N/A []

BUDGETING

4. We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [X] No [] N/A []

ACCOUNTING AND REPORTING

5. All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [X] No [] N/A []

6. We have filed our annual financial statements in accordance with LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable.

Yes [X] No [] N/A []

7. We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [X] No [] N/A []

MEETINGS

8. We have complied with the provisions of the Opening Meetings Law, LSA-RS 42:1-12.

Yes [X] No [] N/A []

DEBT

9. It is true that we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60 - 1410.65.

Yes [X] No [] N/A []

ADVANCES AND BONUSES

10. It is true that we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [X] No [] N/A []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Marva L. Gregory
Name

Date